

Personal & Confidential
8/6/97

MEC Ltd.

1783 Iron Works Road
Lexington, KY 40511
606-299-2870
606-299-7885 FAX

Dr. Tony A. Hancock
Principal

August 6, 1997

Dr. Dieter Strich and Mr. Ruedi Fuchs
Business Unit Small Arms
SIG Swiss Industrial Company
CH-8212 Neuhausen Rhine Falls
Switzerland

Dear Dieter and Ruedi:

Please find enclosed photographs of the engineering prototype as promised. We are sending this by FAX and then sending the originals via DHL airbill # 9123529251.

The engineering prototype is complete and we will be delivering the mechanical part to Exeter on Friday, August 8. We received a telephone call today from Charlotte at Exeter. She told us that she is Mr. Schneider's assistant and is helping to coordinate this project. We later spoke with Mr. Schneider and agreed to meet him at 9:00 AM on Friday. We will give him the gun in a locked box at that time. If this is not what you want, please call us as soon as possible. Should we also give him the keys to the box?

Please note that the electronics are external to the gun and are connected by an umbilical cord. The buttons on the gun are merely cosmetic and not functional. All of the functional electronics are on the external board. Naturally on the marketing prototype all of the electronics seen here will be miniaturized so as to fit within the gun with no external cord.

Exhibit 10

Personal & Confidential
8/6/97

We are happy with the appearance and function of this engineering prototype and we believe that you will agree when you see it. Please give us a call if you have any questions.

Sincerely yours,



Tony A. Hancock



Jonathan D. Buckley



